

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: January 28, 2010
POSITION: Oppose

BILL NUMBER: SB 450
AUTHOR: A. Lowenthal

BILL SUMMARY: Class Size Reduction: Long Beach Unified

This bill would allow the Long Beach Unified School District (LBUSD) to claim K-3 Class-Size Reduction (K-3 CSR) program funding for the 2009-10 to 2011-12 fiscal years, if their classes either exceed 20 pupils or the students are housed with other classes, so long as those circumstances were the direct result of May 2007 fires and resulting erosion problems. The bill also includes an urgency clause to provide timely relief to the LBUSD which would otherwise experience a loss of state funding as a result of mandatory fire and weather-related school closings on Catalina Island.

FISCAL SUMMARY

To the extent this change is granted to LBUSD, other districts may seek other unique eligibility changes for K-3 CSR funding that may ultimately increase funding entitlements to a level that exceeds the statewide funding to be provided for K-3 CSR over the next four years.

COMMENTS

The Department of Finance recommends opposing this bill for the following reasons:

- This bill is premature and potentially unnecessary. To date, LBUSD has not received a reduced K-3 CSR allocation as a result of the temporary displacement of students on Catalina Island. However, to the extent that future conditions on Catalina Island make it necessary to redirect students to other schools within the district, last year's budget trailer bill would provide the district with substantial flexibility to increase class sizes in those other schools and retain most of their incentive funding. Specifically, Chapter 2, Statutes of 2009 of the Fourth Extraordinary Session, revised the existing
- K-3 CSR penalty schedule to the point where districts can now retain 70 percent of their incentive grant for class sizes of 25-to-1 or more. Under previous law, the district would have lost 100 percent of their incentive grant for class sizes with that ratio.
- This bill would effectively allow LBUSD to receive full K-3 CSR funding irrespective of what pupil-to-teacher ratio is implemented for participating classes, which is inconsistent with funding eligibility requirements for K-3 CSR contained in the recently enacted budget trailer bill noted above. To the extent this change is granted to LBUSD, other districts may seek other unique eligibility changes for K-3 CSR funding that may ultimately increase funding entitlements to a level that exceeds the statewide funding to be provided for K-3 CSR over the next four years.
- This bill is identical to a previous bill, SB 193 (Lowenthal) which was vetoed by the Governor in 2009.

Analyst/Principal (0342) T. Todd	Date	Program Budget Manager Jeannie Oropeza	Date
-------------------------------------	------	---	------

Department Deputy Director	Date
----------------------------	------

Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

BILL ANALYSIS	Form DF-43 (Rev 03/95 Buff)
----------------------	-----------------------------

A. Lowenthal

January 28, 2010

SB 450

ANALYSIS

A. Chapter 163, Statutes of 1996, established the K-3 CSR program to provide incentive funds to school districts implementing class sizes at a pupil-to-teacher ratio of 20:1. Incentive funds are currently apportioned to school districts at a rate of \$1,071 per pupil in eligible classes that maintain a 20:1 pupil-to-teacher ratio on a full-day basis (Option 1), and \$535 per pupil in eligible classes that maintain a 20:1 pupil-to-teacher ratio on a half-day basis (Option 2). While the size of an individual class may exceed 20 pupils on any given day, the annual average class size cannot exceed 20.4 students, otherwise a district will lose full K-3 CSR funding for that class. Furthermore, school districts are not authorized to average class enrollment across the district or across grade levels to comply with the statutorily required pupil-to-teacher ratio of 20:1.

Chapter 2, Statutes of 2009 of the Third Extraordinary Session, revised the penalty reduction schedule for districts that fail to maintain 20 to 1 class sizes, effective for the 2008-09 through 2011-12 school years only. During those years, districts that maintain class sizes within the following ranges will lose the corresponding percentages of K-3 CSR funding:

- Classes of 20.5 or more but less than 21.5 lose 5% of funding.
- Classes of 21.5 or more but less than 22.5 lose 10% of funding.
- Classes of 22.5 or more but less than 23.0 lose 15% of funding.
- Classes of 23.0 or more but less than 25.0 lose 20% of funding.
- Classes of 25.0 or more lose 30% of funding.

This bill would amend existing law by allowing LBUSD to claim K-3 Class-Size Reduction (K-3 CSR) program funding for the 2009-10 to 2011-12 fiscal years, if their classes either exceed 20 pupils or the students are housed with other classes, so long as those circumstances were the direct result of May 2007 fires and resulting erosion problems, and the district meets the following conditions:

- The school district certifies that the number of pupils enrolled in a district school increased as a direct result of the closures on Catalina Island resulting from the May 2007 fire and resultant debris flow hazard due to weather-related conditions, and this increased the number of pupils enrolled in classes in which the K-3 Class Size Reduction Program is implemented.
- The school district certifies that it lacked sufficient classroom space or credentialed teachers to accommodate the enrollment increase from the closures on Catalina Island resulting from the May 2007 fire and resultant debris flow hazard due to weather-related conditions.

The bill's provisions would remain in effect until July 1, 2012, and would be repealed on January 1, 2013.

The author of this legislation is attempting to provide prospective relief to the Long Beach Unified School District, for school closures that may occur on Catalina Island in the future as a result of May 2007 fires and the resulting destabilized soil conditions that are now present. Specifically, this bill would grant LBUSD an automatic exemption from penalties or reductions in K-3 CSR funding to the extent that future conditions (as a result of May 2007 fires) cause the district to shift students on the island to other schools within the district, and this shift results in those other schools exceeding maximum pupil-to-teacher ratios under the K-3 CSR program.

B. Fiscal Analysis

To the extent this change is granted to LBUSD, other districts may seek other unique eligibility changes for K-3 CSR funding that may ultimately increase funding entitlements to a level that exceeds the statewide funding to be provided for K-3 CSR over the next four years.

BILL ANALYSIS/ENROLLED BILL REPORT--(CONTINUED)**Form DF-43****AUTHOR****AMENDMENT DATE****BILL NUMBER**

A. Lowenthal

January 28, 2010

SB 450

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							
	LA	(Dollars in Thousands)							
	CO	PROP							Fund
	RV	98	FC	2010-2011	FC	2011-2012	FC	2012-2013	Code
6110/Dept of Educ	LA	Yes	-----	See Fiscal Analysis				-----	0001